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SUBJECT: SPECIAL ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Visit of President Bush to Israel, May 14-16, 2008

Key stories in the media:

All media continued to report on President Bush's visit to Israel. The media covered the Bushes' and Prime Minister Olmert's visit to Masada and highlighted the following remark in the PresidentQs Knesset address, which focused on the alliance between the U.S. and Israel: "Citizens of Israel, Masada shall never fall again, and

America will always stand with you." A TV commentator remarked that an Israeli prime minister would not dare deliver such a Zionist speech to the Knesset. Israel Radio reported that this morning Bush will meet young Israelis at Jerusalem's Bible Lands Museum.

In its lead story, Ha'aretz quoted senior officials in Jerusalem as saying yesterday that Israel is fully satisfied with the results of Bush's visit, including policy on Iran's nuclear program. Ha'aretz quoted a senior Israeli official as saying: "In talks with the President of the United States during his visit it was made clear that Bush's statements on the subject of Iran's nuclear program are fully backed in practice." Yediot reported that the U.S. will include Israel in a satellite warning system that will alert Israel to launchings of ballistic missiles. The media cited claims by Democratic presidential candidate Senator Barack Obama that Bush made a veiled political attack on him during his Knesset speech. Israel Radio quoted Bush associates as saying that the President was referring to all who favor appeasing terrorist organizations and their state sponsors.

The media reported on rocket and mortar strikes on the western Negev yesterday. Israel Radio reported that the IDF engaged a group of Palestinian militants who were launching a mortar shell. The media reported that the army's Home Front Command decided yesterday that the Color Red system, which warns of incoming rocket attacks from Gaza, will be expanded to additional communities in the western Negev, specifically the town of Netivot and communities in the Sdot Negev Regional Council. Israel Radio quoted outgoing IAF chief Major Gen. Eliezer Shkedy as saying that IAF pilots are now increasingly at risk from strikes from frequent Palestinian fire. Ha'aretz reported that Egyptian-brokered talks aimed at reaching a truce between Israel and Hamas will resume over the weekend. Egypt's intelligence chief, General Omar Suleiman, will meet a delegation of Palestinian factions in Gaza today, while the deputy head of Hamas's Damascus-based political bureau, Moussa Abu Marzouk, will travel to Cairo. Defense Minister Ehud Barak will be in Egypt on Sunday for the World Economic Forum in Sharm al-Sheikh. Though Barak has no meeting scheduled with Egyptian President Hosni Mubarak, the media speculated that he may take the opportunity to discuss the potential truce with senior Egyptian officials. Ha'aretz reported that Israel has asked Egypt to include an agreement to free abducted soldier Gilad Shalit in the discussions over the truce. If Egypt agrees, it would mark its return to as a broker for Shalit's release, after a year's hiatus. "Israeli political sources" were quoted as saying in interviews with Makor Rishon-Hatzofe that Israeli willingness to conduct talks with Hamas on the basis of a truce results from a desire to obtain international legitimacy for a ground offensive in

The media reported on commemorations in the West Bank and Gaza marking the "Nakba," the Arabic word meaning "catastrophe" used in reference to the founding of the State of Israel. Reports described clashes at the Erez Crossing to Gaza and the Qalandya checkpoint north of Jerusalem, in East Jerusalem, as well as demonstrations at Haifa and Tel Aviv universities. Leading media quoted FM Tzipi Livni as saying yesterday at the President's Conference in Jerusalem ("Facing Tomorrow") that in the future, "the Palestinians will celebrate [their own] Independence Day. On that day, they will erase the word <code>QNakbaQ</code> from their lexicon." The media quoted Palestinian President Mahmoud Abbas as saying in a televised address: "After 60 years since the QNakba,Q the time has come for the Palestinian people to establish an independent state with Jerusalem as its capital.Q Israel Radio reported that the Israeli mission to the UN is seeking clarifications after an official communique released by Secretary-General Ban Ki-Moon's bureau made specific reference to the word "Nakba." The report said the UN chief telephoned Abbas to express his solidarity with the Palestinians on Nakba Day. Danny Carmon, Israel's deputy ambassador to the UN, told Israel Radio that the term "'Nakba' is a tool of Arab propaganda used to undermine the legitimacy of the establishment of the State of Israel, and it must not be part of the lexicon of the UN."

Leading media reported on tensions between PM Olmert and Foreign Minister Tzipi Livni. Maariv reported that in private conversations she has criticized Olmert's morality. Maariv quoted her as saying in her address to the President's Conference: "Every country should have an internal compass to guide its leaders."

All media reported that PM Ehud Olmert and his former office manager, Shula Zaken, petitioned the High Court of Justice yesterday against the prosecution's decision to have a court depose American fundraiser Moshe Morris Talansky. A three-justice panel will hear the petition on Monday. Ha'aretz quoted Olmert's attorneys as saying that if Talansky is a suspect, why is he allowed to return to the U.S.? Yediot quoted Talansky as saying that he will return to Israel when he is asked. American billionaire S. Daniel Abraham was quoted as saying in an interview with IDF Radio that he did not give envelopes filled with cash to PM Olmert. The police questioned Abraham about such suspicions. Yediot cited a Justice Ministry opinion that Olmert does not have to resign if he is indicted.

The Jerusalem Post led with the following story: "A group of Israeli and foreign businessmen and bankers are finally ready to build a \$3-billion canal between the Red and Dead Seas, desalinating the water, producing hydroelectric power and yielding profits, clean water, jobs, and potentially unprecedented regional cooperation.... Jordan's King Abdullah and Saudi Prince Walid bin-Talal have already given their enthusiastic endorsement to the project, according to its initiators. The dramatic Valley of Peace initiative in the Arava was unveiled Thursday ... by ... Israeli billionaire Yitzhak Tshuva, owner of the El-Ad Group that includes Manhattan's Plaza Hotel and Delek, Israel's second-largest oil and gas company."

Makor Rishon-Hatzofe also reported on this development.

Israel Radio reported that this week London's Jewish community was targeted by a wave of anti-Semitic and anti-Israeli graffiti. Yediot reported that Israeli travelers are ignoring a GOI warning not to travel to the Indian province of Kashmir.

All media reported on AprilQs high inflation rate (1.5%), as published by the GOI's Central Bureau of Statistics yesterday.

Visit of President Bush to Israel, May 14-16, 2008:

Summary:

The independent, left-leaning Ha'aretz editorialized: "Bush's legacy speech in the Knesset should signal to Iran, and not only to Iran, that it is facing determined countries and a definite policy of not allowing it to develop nuclear weapons."

Editor-in-Chief David Horovitz wrote in the conservative, independent Jerusalem Post: "Iran, now asserting increasing control and influence on our northern and southern borders, and waiting for its opportunity to do the same on the east, has been emboldened by America's handling of Iraq."

Liberal columnist and anchor Ofer Shelach wrote in the popular, pluralist Maariv: "The highest rationale of Israeli consciousness in recent years is Iran.... The questions of why Nasrallah attacked in Beirut or why Hamas authorized the fire on Ashkelon are less important."

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized: "Israel is on the frontline and all the talk about the 'end of the conflict' and the establishment of a 'Palestinian state in the '67 borders' is empty and damaging."

Block Quotes:

¶I. "No More Appeasement"

The independent, left-leaning Ha'aretz editorialized (5/16): "Less than half a year before the American presidential elections and eight months before he is slated to leave the White House, U.S. President George W. Bush yesterday set a high bar for his successor: to continue the determined struggle against terrorist organizations -- Al-Qaida, Hamas, and Hizbullah -- and to thwart Iran's efforts to obtain nuclear weapons that would threaten Israel's existence. Accepting Iran's nuclearization would be a betrayal of future generations, Bush said. This was an all-clear signal to Israel, a

warning to Iran's President Mahmoud Ahmadinejad and supreme spiritual leader Ali Khamenei, and an announcement to the Democratic Party's leading presidential candidate, Barack Obama, that Bush will make use of his authority until his last day as president to shape a belligerent policy toward Iran. If Obama is elected rather than Republican candidate John McCain, whose positions are identical to those of Bush, the outgoing president is liable to take military action even during the two and a half months between the elections and the inauguration of the new president.... Bush's legacy speech in the Knesset should signal to Iran, and not only to Iran, that it is facing determined countries and a definite policy of not allowing it to develop nuclear weapons. The proposals that several leading European countries and the U.S. have made to Iran in order to encourage it to cease developing nuclear technology have been answered by Tehran with a counterproposal whose thrust is a desire to be a partner in solving the 'world's problems.' But with his wild threats, Ahmadinejad negates any possibility of viewing this Iranian suggestion as serious and made in good faith. And he thereby reinforces the resolute voices that are calling for a military solution."

II. "In the Oval Office, the Sun Is Shining"

Editor-in-Chief David Horovitz wrote in the conservative, independent Jerusalem Post (5/16): "[In an interview with this newspaper on Monday, President Bush] wanted to believe that Israelis, when they thought about this role, would conclude that 'if vision accounts for anything, he has got a vision of how to deal with the extremists and radicals.' And when that 'smart person' finally did figure out the key achievements of his White House years, he said, 'one of them has got to be, he clearly saw the threat and he did something about it'....The way Bush tells it, he's the trustful, powerful friend doggedly seeking to get us what we've told him we require to maintain our sovereign Jewish existence.... But looming ever larger in the path of moderation and compromise is Iran. And Iran, now asserting increasing control and influence on our northern and southern borders, and waiting for its opportunity to do the same on the east, has been emboldened by America's handling of Iraq. And coming to regard Bush's America as a paper tiger, it has felt capable of shrugging off U.S.-led objections to its steady, even serene, journey to a nuclear weapon."

III. "The Truth Doesn't Really Matter"

Liberal columnist and anchor Ofer Shelach wrote in the popular, pluralist Maariv (5/16): "The highest rationale of Israeli consciousness in recent years is Iran. The Lebanese who I spoke with this week agree, of course, that no significant move by Hizbullah, including the latest muscle-flexing, can be implemented without guidance by, and cooperation with, Iran. But they differ regarding the question of whether the organization is motivated solely by Iranian interests... Israel's military and intelligence leadership -- which determine the government's perception of reality and that of all Israelis -- is almost united today in the view that every branch that falls in the Middle East is part of the battle between Iran and Israel, or between Iran and the U.S. with Israel's participation. In this sense, the questions of why Nasrallah attacked in Beirut or why Hamas authorized the fire on Ashkelon are less important... Now we are talking about a life-and-death danger, an act of protection from destruction. What's left is the order [for the offensive against Iran and its allies.]

IV. "The Bush Vision's Weak Point"

The nationalist, Orthodox Makor Rishon-Hatzofe editorialized (5/16): "President Bush is caught up in an erroneous conception. He declares that the United States will support Israel against Hamas, but at the same time he talks about a Palestinian state as Israel's 'existential need' that can be established 'within a year.' Has there been a specific deadline over the past 15 years?.... Israel is on the frontline and all the talk about the 'end of the conflict' and the establishment of a 'Palestinian state in the '67 borders' is empty and damaging... Palestinian human rights activist Bassam Eid has recently said that establishing democracy in Palestinian society precedes peace. This is the kind of thinking that President Bush could have adopted, but for some reason this logic has not seeped into American policy."